



C A C L V

24 March 2004

Docket No. 04-06
Communications Division
Public Information Room, Mailstop 1-5
Office of the Comptroller of the Currency
250 E St. SW
Washington 20219

Docket No. R-1181
Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th St NW
Washington DC 20429

Regulation Comments, Attention: No. 2004-04
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street NW
Washington DC 20552

Dear Officials of Federal Bank and Thrift Agencies:

As a member of the National Community Reinvestment Coalition, the Community Action Committee of the Lehigh Valley urges you to withdraw the proposed changes to the Community Reinvestment Act (CRA) regulations. CRA has been an extraordinarily effective mechanism for increasing access to homeownership, boosting economic development, and expanding small businesses in the nation's minority, immigrant, and low- and moderate-income communities. Here in the Lehigh Valley, located in eastern Pennsylvania, hundreds of millions of dollars in loans and investments have been made that, I am convinced, would never have occurred without this law. The proposed changes will set back the progress made in community reinvestment.

Community Action Committee of the Lehigh Valley

1337 East Fifth Street, Bethlehem PA 18015 ♦ Phone: 610-691-5620 ♦ Fax: 610-691-6582 ♦ www.caclv.org

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The proposed changes include three major elements: 1) streamlined and cursory exams for banks with assets between \$250 million and \$500 million; 2) establish a weak predatory lending compliance standard under CRA; and 3) expanded data collection and reporting for small business and home lending. While the expanded data collection for lending is constructive and the predatory lending standard is a step in the right direction, the weakening of lending standards for small banks could be a disaster for Pennsylvania's rural communities. In addition, the federal banking agencies did not update procedures regarding affiliates and assessment areas in their proposal, and, thus, missed a vital opportunity to continue CRA's effectiveness.

It is difficult for us to understand, when CRA has been such a huge success, why the regulators would back off on the law. Furthermore, predatory lending is such a scourge in our communities, the regulators have missed an opportunity to take aggressive steps to confront the predators that are finding new and bolder ways of stealing assets from low-income people and their communities.

These proposals are especially important here in Pennsylvania, where 62 out of 277 lenders have assets between \$250 and \$500 million. This is 22% of the banks in the Keystone state and is one of the highest in the nation. (Across the country, 12 percent of the banks have assets in this range. These banks have \$21 billion in assets.) Furthermore, in rural Pennsylvania, 17 of 65 banks, in other words, 26% of rural banks have assets between \$250 and \$500 million. This is \$5.5 billion in assets. Rural Pennsylvanians deserve better protection than the federal regulators are offering in these new proposals.

Sincerely,

A handwritten signature in black ink, appearing to read 'ALJ', is written over a light gray rectangular background.

Alan L. Jennings
Executive Director

cc: National Community Reinvestment Coalition
President George W. Bush
Treasury Secretary John W. Snow